

Completing the FAFSA about to get easier

New student loan benefits are ready to roll on July 1 and Congresswoman Debbie Halvorson (IL-11) wants to make sure individuals and families in the 11th District are ready to take full advantage of them as they become available.

"The cost of college is becoming even more burdensome and with that in mind, these benefits were created to help take stress off of college students in the U.S.," said Halvorson, who added that the benefits are a part of College Cost Reduction Act passed by Congress last year.

Beginning July 1, interest rates on need-based federal student loans will start decreasing annually and will affect 5.5 million college students. According to the Congressional Research Service, half of these borrowers come from families with incomes between \$26,000-68,000.

Additionally, a new income-based loan repayment program will be available. At the end of 2008, there were almost \$566 billion in outstanding federal loans, representing almost 95 million student loans to more than 30 million borrowers.

The Pell Grant scholarship will also be increased to \$5,350 for the 2009-2010 school year; the average tuition cost at public universities. Last year alone, about 6 million students received Pell Grants.

Recently, Secretary of Education Arne Duncan proposed streamlining the process of completing the Free Application for Federal Student Aid (FAFSA). Starting in January of 2010, many students will be able to electronically populate the online FAFSA form with their own IRS information. Including taking steps to simplify the form, the FAFSA improvements will reduce the burden on the 16 million students and families who apply for federal financial aid every year and are designed to help increase college enrollment among low-income and middle-income students.

"From the decrease in student loan interest rates, to the increase in Pell Grant dollars, to Secretary Duncan's steps in making the FAFSA application simpler for America's students - it's a great opportunity," said Halvorson. "Education is a key to our future and we should do all we can to make higher education possible for those who seek it."

For more information, please visit studentaid.ed.gov and www.ed.gov/finaid/info/apply/simplification.html or on the Congresswoman's website [by clicking here](#).

The following are highlights of the provisions that take effect on July 1st, 2009:

Cheaper interest rates on need-based (subsidized) federal student loans

On July 1st, the interest rates on subsidized federal student loans will decrease from 6 percent to 5.6 percent. This is the second of four annual cuts in this interest rate; it will continue to drop until it reaches 3.4 percent in 2011.

Reasonable and affordable monthly college loan payments for borrowers

On July 1, a new Income-Based Repayment program will go into effect that caps borrowers' monthly loan payments at just 15 percent of their discretionary income (15 percent of what a

borrower earns above 150 percent of the poverty level for their family size). Any current or future borrower whose loan payment exceeds 15 percent of their discretionary income is eligible. After 25 years in the program, borrowers' debts will be completely forgiven.

Higher Pell Grant scholarships that cover the average tuition at public universities

Due to funding provided by both the College Cost Reduction and Access Act and the American Recovery and Reinvestment Act, the maximum Pell Grant scholarship for the 2009-2010 school year will be \$5,350 - more than \$600 above last year's award.

TEACH Grants to encourage more students to become teachers

In order to encourage more students to become teachers, the law provides up-front tuition assistance of \$4,000 a year - for a maximum of \$16,000 - to students who commit to teaching high need subject areas in high need schools for four years after graduation.